

## **TESTIMONY ON RAISED PROPOSED BILLS NO. 5352 AND 5813 DEALING WITH TITLE INSURANCE**

My name is Richard Hogan. I am the Legislative and Regulatory Counsel at Connecticut Attorneys Title Insurance Company, which is a Connecticut domiciled Title Insurance Company that has been in existence for almost fifty (50) years here in Connecticut. I am writing to offer testimony on Proposed Bill 5352 and Proposed Bill 5813.

Proposed Bill 5352 would eliminate the requirement for the payment of any premium on a refinance transaction. If title insurers could not charge a fee to offer a title insurance policy in a refinance then no title insurance policy would be issued. If a refinancing bank could not obtain a title insurance policy they could not then sell that loan to the secondary mortgage market – Fannie Mae and Freddie Mac require that there be a title insurance policy before they purchase a loan. The consequences of this would be catastrophic to banks here in Connecticut who would be required to portfolio any loan that they made for a refinance. There is no state in the country that would prohibit the issuance of a title insurance policy in a refinance.

Proposed Bill 5813 would require that a discount be given for the issuance of a title insurance policy in a refinance. Every title company in the state currently offers at least a 40% discount in those cases where there is a refinance within 10 years of the original mortgage. The Connecticut Insurance Department has been very vigorous in ensuring that the discount is offered. To place in the statutes a requirement for a discount is superfluous. When a title company decides in the future that they would like to offer a larger discount for a refinance they would have to come to the General Assembly to get the law changed. The current system of file and use allows title companies to compete for business in a free market. The current market in Connecticut is a very competitive market. Title insurance rates have not been raised in this state since 1992.

Both of these bills should be rejected by the Banks Committee.